



NORTH CAROLINA GENERAL ASSEMBLY

Session 2019

Fiscal Analysis Memorandum

CONFIDENTIAL

Requestor: Representatives Howard, Setzer, and Szoka
Analyst(s): Denise Canada
RE: PCS to H823, V2, NC Managing Env. Waste Act of 2019

SUMMARY TABLE

FISCAL IMPACT OF PCS to H823, V.2

	<u>FY 2019-20</u>	<u>FY 2020-21</u>	<u>FY 2021-22</u>	<u>FY 2022-23</u>	<u>FY 2023-24</u>
Local Impact					
Local Revenue	Potential Revenue Shifts Between Jurisdictions; See Fiscal Analysis.				
Less Local Expenditures	-	-	-	-	-

NET LOCAL IMPACT

FISCAL IMPACT SUMMARY

This fiscal memo addresses only the Finance portion of the PCS to H823.

Section 1 changes how a portion of the State's Solid Waste Disposal Tax is allocated to counties and cities; the distribution has no Statewide bottom-line impact, but individual localities will receive more or less funding due to the change in the distribution formula.

FISCAL ANALYSIS

Under G.S. 105 Article 5G, the State imposes an excise tax of \$2/ton of waste on:

- The disposal of municipal solid waste and construction and demolition debris in any landfill permitted under Chapter 130A, Article 9; and
- The transfer of municipal solid waste and construction and demolition debris to a transfer station permitted pursuant Chapter 130A, Article 9, for disposal outside the State.

In FY 2017-18, net collections from the Solid Waste Disposal Tax totaled \$19.9 million.

After allowing for administrative expenses, G.S. 105-187.63 directs that proceeds be distributed:

- 50% to the State's Inactive Hazardous Sites Cleanup Fund
 - o FY 2017-18 amount: \$9.9 million



- 37.5% on a per capita basis to cities and counties, within the following restrictions: the funds must be split 50%/50% between cities and counties and to receive funds, a jurisdiction must either provide solid waste management services or be responsible by contract for payment for such services.
 - o FY 2017-18 amounts: \$3.7 m to cities; \$3.7 m to counties.
- 12.5% to the General Fund
 - o FY 2017-18 amount: \$2.5 million.

The PCS changes the distribution as follows:

- 50% to the State's Inactive Hazardous Sites Cleanup Fund
- 32.5% on a per capita basis to cities and counties, with the same restrictions as in current law
- 5% on a per capita basis to cities and counties that provide plastics recycling services; funds must be split 50%/50% between cities and counties
- 12.5% to the General Fund.

For the new 5% distribution, the PCS requires the Department of Environmental Quality to adopt rules establishing eligibility criteria for counties and cities and annually must provide the Department of Revenue with a list of cities and counties that are eligible for a distribution under the criteria.

The change in the distribution formula does not change the total amount distributed to the State or to local governments, but it is likely to increase or decrease distributions to individual local governments.

TECHNICAL CONSIDERATIONS

N/A.

DATA SOURCES

North Carolina Department of Revenue

FISCAL ANALYSIS MEMORANDUM – PURPOSE AND LIMITATIONS

This document is a fiscal analysis of a bill, draft bill, amendment, committee substitute, or conference committee report that is confidential under Chapter 120 of the General Statutes. The estimates in this analysis are based on the data, assumptions, and methodology described in the Fiscal Analysis section of this document. This document only addresses sections of the bill that have projected direct fiscal impacts on State or local governments and does not address sections that have no projected fiscal impacts. This document is not an official fiscal note. If a formal fiscal note is requested, please email your request to the Fiscal Research Division at FiscalNoteRequests@ncleg.net or call (919) 733-4910.

